

FISCAL IMPACT STATEMENT ON BILL NO. **H.3672**

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TO:	The Honorable Harry F. Cato, Chairman, House Labor, Commerce and Industry Committee	
FROM:	Office of State Budget, Budget and Control Board	
ANALYSTS:	Kenneth Brown	
DATE:	May 3, 2005	SBD: 2005432

AUTHOR:	Representative Kirsh	PRIMARY CODE CITE: 38-43-110
SUBJECT:	Insurance Producer's License	

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
A Cost of Federal and/or Other Funds (See Below)

BILL SUMMARY:

The Bill changes the procedure for reinstating a Producer's license for nonpayment of a fee or failure to comply with the continuing education requirement.

EXPLANATION OF IMPACT:

The Department of Insurance states that this Bill would require a first year Other Funds expenditure totaling \$38,100 which would be funded from fees established in the Bill. The licensing of Insurance Producers is conducted on a biennial basis. Therefore, additional costs would occur every other year. Approximately 65,000 producers would be affected upon implementation of this Bill.

The Department estimates that manpower necessary to perform the tasks related to notification of producers that are not in compliance could be achieved by hiring a temporary employee at a cost of \$10,000. Notification of these individuals concerning their non-compliance would be done in January of the renewal year at a projected cost of \$24,600 and would cover postage, paper, supplies, printing, envelopes and materials. The Department also anticipates a subsequent mail out in April of the renewal year costing \$3,500 and targeting an estimated 7,500 producers who may still not be in compliance. A one-time cost of \$10,000 would be incurred for computer programming to compile information on producers who were not in compliance.

SPECIAL NOTES:

The costs associated with these activities are expected to decrease over time as the level of compliance increases.

The Board of Economic Advisors is the appropriate entity to address any impact associated with this Bill.

Approved by:



Don Addy
Assistant Director, Office of State Budget